

§ 58-57-100. Credit property insurance; automobile physical damage insurance.

(a) Single interest or dual interest physical damage insurance may be written on nonfleet private passenger motor vehicles, as defined in G.S. 58-40-10, that are used as collateral for loans made under Article 15 of Chapter 53 of the General Statutes. Automobile physical damage insurance as described in this section is a form of credit property insurance, as referred to in G.S. 53-189. It is subject to the following conditions:

- (1) Such insurance may be written only on a motor vehicle that is in compliance with the inspection requirements of Part 2 of Article 3A of Chapter 20 of the General Statutes.
- (2) If a motor vehicle is already insured and the lender is named loss payee and that insurance continues in force, then no other physical damage insurance may be written.
- (3) Notification must be given orally and in writing to the borrower that he has the option to provide his own insurance coverage at any point during the term of the loan.
- (4) The creditor must have either a first or second lien on the motor vehicle to be insured.
- (5) The amount of insurance coverage may not exceed the lesser of (i) the principal amount of the loan plus allowable charges, excluding interest, plus two scheduled installment payments or (ii) the actual fair market value of the collateral at the time the insurance is written.
- (6) When a creditor accepts other collateral in addition to a motor vehicle as herein defined, the combined insurance on all collateral may not exceed the initial indebtedness of the loan.

(b) Policy forms, rates, rating plans, and classifications for single or dual interest nonfleet private passenger motor vehicle physical damage insurance shall be filed with the Commissioner in accordance with Articles 40 and 41 of this Chapter. Every insurer writing such insurance shall, on or before April 1 of each year, file a supplemental financial statement in such form and detail that the Commissioner prescribes that will enable the Commissioner to review and analyze the filings made under this subsection. (1989, c. 485, s. 13; 1989 (Reg. Sess., 1990), c. 1021, s. 2; 1993 (Reg. Sess., 1994), c. 720, s. 1; 2009-382, s. 34.)